

**GFSAC Meeting: May 13-15, 2025****Cover Page****1.30 Distinction between Maintenance and Capital Repairs for Intangible Assets***Paper: GFSAC/2025/05/13K***For Endorsement****For Discussion****Global Consultation Responses:****Do you agree with the recommendations and their incorporation into the update of the GFS manual?****Count**

Yes 29

No 1

Partially 3

No Comment 4

Total 37**Global Consultation Comments:**

The respondent who did not agree with the Proposed Recommendations did not provide a reason.

The respondents that partially agreed with the Proposed Recommendations agreed with the need for close alignment between the updated GFSM and the 2025 SNA. However, noted difficulty in distinguishing between maintenance and capital repairs in the context of data, and the need to be consistent with the *Handbook on Measuring Data*.

- “We agree in principle: our comments about the need for close alignment between GFSM and SNA in the area of nonfinancial assets stand. However, with government data largely coming from administrative sources, we are not sure how practical or implementable the proposal is unless it is sufficiently aligned with IPSAS/IFRS treatment.”

Some respondents that agreed with the Proposed Recommendations also highlighted difficulties in distinguishing between maintenance and capital repairs and called for additional clarifications through the inclusion of practical examples.



- *“We support the recommendation for enhancing conceptual consistency in the treatment of intangible assets. However, we would like to highlight the practical difficulty in distinguishing between maintenance and capital repairs, especially in the case of assets such as software and databases. In this regard, the inclusion of practical examples would be highly beneficial.”*
- *“We support the proposed alignment with the 2025 SNA, but the current wording (“no economic benefit to the owner”) remains too abstract. To ensure consistent implementation, we strongly recommend including practical examples to clarify which activities should be treated as intermediate consumption versus capital formation. It would also be useful to clarify how freely available products can still be capitalized when they provide economic benefits to society rather than to the owner alone.”*
- *“We support the inclusion of clarifications on the distinction between maintenance and capital repairs for intangible assets in the GFSM update. Although such cases may be relatively rare in the public sector, this guidance will help ensure more consistent treatment of expenditures related to intangible assets such as software, databases, or licenses. It also supports accurate classification between current and capital spending, which is essential for reliable macroeconomic reporting.”*
- *“The proposed recommendation to clarify the guidance in the update of the GFSM 2014 on distinguishing between maintenance and capital repairs for intellectual property products is supported. Further guidance is necessary on the distinction between major improvements (capital formation) versus maintenance in the updated GFSM 2014.”*

Questions for GFSAC:

- Do you agree to include practical examples to support the distinction between maintenance and capital repairs?
- Do you agree that the distinction between maintenance and capital repairs in the context of data could be usefully further explored as part of the additional research proposed under research project 1.11 (Identifying, Valuing and Reporting Government Data Assets)?
- Do you endorse the draft Notice of Decision?



GFS Notice of Decision

DRAFT

1.30 Distinction between maintenance and capital repairs for intangible assets

GFS Notice of Decision:

The update to the *GFSM 2014* will clarify that the distinction between maintenance and capital repairs for research and development is equally applicable to the wider group of intellectual property products, including software, and data and databases. Specifically, the *GFSM 2014* (paras. 6.46, 8.25-8.27) will be revised and amended to ensure consistency and alignment with the [2025 SNA](#) (paras. 7.253-7.257) and will include practical examples where appropriate.

GFS Related Documents:

GFS Proposed Recommendations Document	GFSM PR 1.30
GFS Discussion Note	Not applicable
GFS Global Consultations	April 2025
Discussions at GFSAC Meeting(s)	To be added
SNA/BPM Related Documents:	
Guidance/Issue Note	SNA Action Point A.15 and SNA/M1.23/13
Global Consultation(s)	SNA: September 2023
Discussions at the AEG/BOPCOM ¹ Meeting(s)	AEG: March 2023

¹ AEG = Advisory Expert Group on National Accounts, BOPCOM = Balance of Payments Committee